GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:5840
ANSWERED ON:11.05.2012
NABARD RATE OF FINANCING
Bairwa Shri Khiladi Lal

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposed to provide atleast two per cent interest subsidy on the short term cooperative credit as provided during the year 2009-10 in case the Union Government/National Bank for Agriculture and Rural Development (NABARD) is unable to provide full interest subsidy thereon;

(b) if so, the details thereof; and

(c) the reaction of the Government thereto?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARA1N MEENA)

(a) & (b): The Interest Subvention Scheme is being implemented by the Government of India since 2006-07 to make short-term crop loans upto Rs. 3 lakh for a period of one year available to farmers at the interest rate of 7 percent per annum. The Government of India has since 2009-10 been providing additional interest subvention to prompt payee farmers. The additional subvention was 1% in 2009-10, 2% in 2010-11 and 3% in 2011-12. The Government has in the Budget speech of 2012-13 announced continuation of the scheme in 2012-13.

Interest Subvention is provided to Public Sector Banks, Regional Rural Banks and Cooperative Banks to meet the difference between the cost of their own funds and the lending rates on such loans